



County of Los Angeles CHIEF EXECUTIVE OFFICE

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Chief Executive Officer

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Second District

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Third District

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MICHAEL D. ANTONOVICH
Fifth District

November 6, 2007

The Honorable Board of Supervisors
County of Los Angeles
383 Kenneth Hahn Hall of Administration
500 West Temple Street
Los Angeles, CA 90012

Dear Supervisors:

**APPROVE A RESOLUTION OF INTENTION TO GRANT A NEW 15-YEAR
COUNTYWIDE PROPRIETARY PETROLEUM PIPELINE FRANCHISE TO
UNITED STATES OF AMERICA
(ALL DISTRICTS) (3 VOTES)**

IT IS RECOMMENDED THAT YOUR BOARD:

1. Approve a Resolution of Intention to grant a new 15-year countywide proprietary petroleum pipeline franchise to the United States of America (USA), setting the matter for public hearing on November 27, 2007, pursuant to Section 6232 of the California Public Utilities Code, and instructing the Executive Officer, Board of Supervisors, to arrange for publishing of a notice of the public hearing.
2. Find that this project is categorically exempt under the California Environmental Quality Act (CEQA) pursuant to Class 1 of the Environmental Document Reporting Procedures and Guidelines adopted by your Board on November 17, 1987, and Section 15301 of the State CEQA Guidelines.

AFTER THE PUBLIC HEARING, IT IS RECOMMENDED THAT YOUR BOARD:

Adopt the accompanying ordinance granting a new 15-year Countywide proprietary petroleum pipeline franchise to USA, becoming effective January 1, 2008, the day following the expiration of the existing USA Franchise.

PURPOSE/JUSTIFICATION OF RECOMMENDED ACTIONS

The purpose of the recommended actions is to approve a Resolution of Intention and schedule the public hearing and publishing required to grant USA a new 15-year Countywide proprietary petroleum pipeline franchise, to renew the franchise rights granted to USA by Ordinance No. 11,854, as amended.

Implementation of Strategic Plan Goals

The County Strategic Plan directs that we provide the public with quality service that is beneficial and responsive (Goal No.1). The Board's approval and adoption of the ordinance to grant a pipeline franchise to USA is consistent with this goal.

FISCAL IMPACTS/FINANCING

The USA franchise is being granted without the payment of any insurance, bond, granting fee, toll or franchise fee whatsoever, except for the compliance by USA and its assigns with all the terms and conditions of the franchise.

FACTS AND PROVISIONS/LEGAL REQUIREMENTS

In January 1979, your Board granted USA a 25-year Countywide petroleum pipeline franchise, which expired February 8, 2004. By Ordinance No. 2006-0081F, your Board extended the USA franchise through December 31, 2007.

An active USA pipeline system maintained via the USA franchise supports the Defense Energy Support Center (DESC), a major bulk fuel hub that receives and stores military jet fuel from suppliers along the West Coast and overseas.

This active pipeline transports jet fuel from the DESC San Pedro Terminal to military facilities in California, Nevada and Arizona, including March Air Reserve Base, Edwards Air Force Base, Miramar Marine Corps Air Station and San Diego Naval Base. USA also maintains a deactivated pipeline system along two routes from the DESC San Pedro Terminal to a decommissioned fuel depot in the City of Norwalk.

IMPACTS ON CURRENT SERVICES (OR PROJECTS)

The recommended actions will not impact or adversely affect any current services or future projects. The Department of Public Works and Fire Department have reviewed this request and have no objections. County Counsel has reviewed the accompanying ordinance to grant USA a franchise and approved it as to form.

The Honorable Board of Supervisors
November 6, 2007
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ENVIRONMENTAL DOCUMENTATION

This project is categorically exempt under CEQA pursuant to Class 1 of the Environmental Document Reporting procedures and Guidelines adopted by your Board on November 17, 1987, and Section 15301 of the State CEQA Guidelines.

CONCLUSION

Instruct the Executive Officer, Board of Supervisors, to send conformed copies of this letter and the adopted ordinance to the Department of the Army, Los Angeles District, Corps. of Engineers, 915 Wilshire Boulevard, Los Angeles, California 90017, Attention: Mr. Hector Angeles, Chief of Real Estate Acquisition, and to the offices of County Counsel, Department of the Public Works, Fire Department, and Chief Executive Office, Real Estate Division, Property Management Section, 222 South Hill Street, 3rd Floor, Los Angeles, California 90012.

Respectfully submitted,



WILLIAM T FUJIOKA
Chief Executive Officer

WTF:DL
JSE:RB:dd

c: County Counsel
Department of Public Works
Fire Department

USA.bl

RESOLUTION OF INTENTION

**RESOLUTION OF INTENTION TO GRANT
A COUNTYWIDE PROPRIETARY PETROLEUM PIPELINE FRANCHISE
TO
UNITED STATES OF AMERICA**

**RESOLUTION OF INTENTION TO GRANT A COUNTYWIDE PROPRIETARY
PETROLEUM PIPELINE FRANCHISE TO THE
UNITED STATES OF AMERICA**

BE IT RESOLVED by the Board of Supervisors of the County of Los Angeles, State of California:

A. United States of America ("Franchisee"), has applied to the Board of Supervisors of the County of Los Angeles, State of California, for a franchise for a period of fifteen (15) years, to lay, construct, maintain, operate, renew, repair, change the size of, remove, or abandon in place pipes and pipelines for the collection, transportation, and distribution of oil, petroleum, gas, gasoline, other liquid hydrocarbon products, wet gas, industrial gas, chemicals, mud, steam, water, waste water, and other liquid substances, excluding any hazardous substances or hazardous waste within the meaning of the "Comprehensive Environmental Response Compensation and Liability Act of 1980," 42 U.S.C. section 9601 et seq., and amendments thereto, together with all manholes, valves, cathodic protection systems, appurtenances, and connections necessary or appropriate for the operation of said pipes or pipelines, adjunct communications lines consisting of poles, conduits, wire, cables, and other appurtenances and equipment for telegraph or telephone lines, or both, necessary or appropriate for Franchisee's operations in, under, along, or across any and all highways as defined in Section 16.36.080 of the Los Angeles County Code, now or hereafter dedicated to public use in the unincorporated territory of the County of Los Angeles, State of California.

B. It is the intention of the Board of Supervisors of the County of Los Angeles, State of California, to grant the franchise applied for upon the terms and conditions herein mentioned. The franchise is to be granted without the payment of any insurance, bond, granting fee, toll or franchise fee whatever, except for the compliance by the Franchisee and by its assigns with all of the remaining terms and conditions thereof.

C. The franchise is described in the Ordinance attached hereto as Exhibit "A" and is a franchise for proprietary petroleum pipeline purposes.

D. That on the ____ day of _____, at the hour of 9:30 a.m., a day not less than twenty (20) nor more than sixty (60) days after the date of the passage of this Resolution of Intention, in the hearing room of the Board of Supervisors, Room 381, Kenneth Hahn Hall of Administration, 500 West Temple Street (corner of Temple Street and Grand Avenue), Los Angeles, California 90012, all persons having any objection to the granting of the franchise hereinabove described may appear before the Board of Supervisors and be heard thereon.

E. The Executive Officer, Board of Supervisors, shall cause a notice of said hearing to be published at least once within fifteen (15) days after adoption of this Resolution of Intention in a newspaper of general circulation published in the County of Los Angeles.

The foregoing resolution was on the ____ day of _____, 2007,
adopted by the Board of Supervisors of the County of Los Angeles and
ex-officio the governing body of all other special assessment and taxing
districts, agencies, and authorities for which said Board so acts.

SACHI A. HAMAI
Executive Officer-Clerk of the
Board of Supervisors of the
County of Los Angeles

By _____
Deputy

APPROVED AS TO FORM:

RAYMOND G. FORTNER, JR.
County Counsel

By  for GVC
GRACE V. CHANG
Senior Deputy County Counsel
Property Division

EXHIBIT “A”

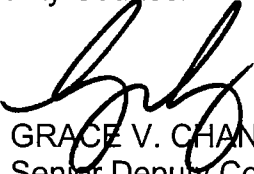
**PROPOSED FRANCHISE ORDINANCE TO GRANT
A PROPRIETARY PETROLEUM PIPELINE FRANCHISE
TO
UNITED STATES OF AMERICA**

ANALYSIS

This ordinance grants a proprietary petroleum pipeline franchise to the United States of America ("Franchisee"), to collect, transport, and distribute petroleum and other products for a period of fifteen (15) years.

This ordinance acknowledges that within the limits of the Federal Torts Claims Act, 28 U.S.C. sections 2671-2680, the United States of America remains fully responsible for any claim, demand, injury, or damage to any person or property resulting from operation of this franchise.

RAYMOND G. FORTNER, JR.
County Counsel

By 
GRACE V. CHANG
Senior Deputy County Counsel
Property Division

GVC:gjh

10/1/07 (requested)

10/19/07 (revised)

ORDINANCE NO. _____

An ordinance granting a County-wide proprietary petroleum pipeline franchise to United States of America, for the collection, transportation, and distribution of petroleum for a period of fifteen (15) years.

The Board of Supervisors of the County of Los Angeles ordains as follows:

SECTION 1. Franchise Term, Grant.

A. The right, privilege, and franchise is granted to United States of America, ("Franchisee"), and its successors and assigns, for a period of fifteen (15) years, beginning on January 1, 2008, the effective date of this franchise, to lay, construct, reconstruct, maintain, operate, renew, repair, change the size of, remove, or abandon in place, pipes and pipelines for the collection, transportation, or distribution of petroleum, oil, gas, gasoline, or other liquid hydrocarbon products, wet gas, industrial gas, chemicals, mud, steam, water, waste water, and other liquid substances, excluding any hazardous substances or hazardous waste within the meaning of the "Comprehensive Environmental Response Compensation and Liability Act of 1980," 42 U.S.C. section 9601 et seq., and amendments thereto, together with all manholes, valves, cathodic protection systems, appurtenances, and connections necessary or appropriate for the operation of said pipes or pipelines, including poles, conduits, wires, cables, including adjunct communications lines, and other appurtenances and equipment for telegraph or telephone lines, or both, necessary or appropriate solely for the Franchisee's operations, in, under, along, or across any and all highways as defined in

Section 16.36.080 of the Los Angeles County Code now or hereafter dedicated to public use within the unincorporated territory of the County of Los Angeles ("County"), State of California.

SECTION 2. Consideration; Payment of Fees.

Franchisee shall not be responsible for the payment of any granting fee, annual franchise fee, or other fee for the grant of, or exercise of rights under, this franchise, but shall be required to comply with all the terms and conditions hereof as consideration for the rights conveyed to Franchisee.

SECTION 3. Reports.

The Franchisee shall during the life of the franchise:

A. File with the County Chief Executive Officer ("CEO"), Director of Real Estate, on or before April 15 following the end of each calendar year, for each year during the life of the franchise, a report showing as of December 31 of the immediately preceding calendar year ("franchise report period"), the length of the Franchisee's main lines in highways in the unincorporated areas of Los Angeles, the nominal internal diameter of such main lines and the points where they enter and exit the County unincorporated highways.

B. In the report prepared pursuant to subsection 3.A above, Franchisee shall also show: any change in franchise footage since the end of the most recent franchise report period, if any, segregating such footage as to new main lines laid, old main lines removed, old main lines abandoned in place, including the internal diameter of such main lines laid, removed, and/or abandoned in place; the footage of new conduits laid

for wires, cables, telegraph, or telephone lines, old conduits removed, old conduits abandoned in place; the diameter of such conduits laid, removed, and/or abandoned in place; and the footage and internal diameter of main lines in territory annexed or incorporated since the last day of the most recent franchise report period.

SECTION 4. Indemnification, Insurance, and Bonding.

A. Notwithstanding Section 7 of this ordinance, this ordinance does not incorporate by reference those provisions in the County Master Pipeline Franchise Ordinance, Ordinance No. 11,696, requiring the Franchise to comply with standard County indemnification, insurance, and bonding requirements in conjunction with use of County rights-of-way.

B. Within the limits of the Federal Torts Claims Act, 28 U.S.C. sections 2671-2680, Franchisee shall be fully responsible for any claim, demand, injury, or damage to any person or property resulting from operation of this franchise.

C. The County shall be immediately notified by Franchisee of all discharge, release, or escape of any petroleum, oil, gas, gasoline, other liquid hydrocarbon products, wet gas, industrial gas, chemicals, steam, water, waste water, mud, or other substances from Franchisee's pipelines. All actions to investigate, remove, or remediate any substance reasonably demonstrated to be discharged, dispersed, released, or escaped from Franchisee's pipelines, and to repair or restore Franchisee's pipelines and appurtenances shall be the sole responsibility of Franchisee and shall be conducted by Franchisee or Franchisee's agents, in conformance with any and all laws, ordinances, rules, regulations, requirements, and orders whatsoever, present or future,

of the federal, state, County, or other applicable local government at Franchisee's sole cost and expense, and shall be immediately undertaken by Franchisee or Franchisee's agents. If Franchisee fails to take any action required pursuant to this section, County may, but shall not be obligated to, take all actions it deems appropriate at Franchisee's sole expense. Upon written demand by County, Franchisee shall reimburse County for all County expenses reasonably incurred in connection with County's actions including, but not limited to, all direct and indirect costs relating to investigation, remediation, and removal.

SECTION 5. Transfers and Assignments.

A. Franchisee shall not sell, transfer, assign, lease, hypothecate, place in trust, or change the control of the franchise or any part thereof (each of which is hereinafter referred to as an "assignment"), to any other person or entity ("transferee") except with the written consent of the CEO, and after the proposed transferee's payment of a transfer fee as detailed in subsection 5.G. As used in this section, "transfer" includes sale and "control" includes actual working control in whatever manner exercised.

B. Franchisee shall give notice to the CEO of any pending assignment, except as excluded in subsection 5.E, and shall provide all documents requested by the CEO, as set forth in subsection 5.F, on which the assignment is predicated. Consent to any such assignment shall only be refused if the CEO finds that Franchisee is in noncompliance with the terms and conditions of the franchise and/or that the proposed transferee, as applicable, is lacking in experience and/or financial ability to meet the

franchise obligations. Consent from the CEO shall be conditioned upon the terms and conditions set forth in the assignment documents delivered to County, the assumption by the transferee, as applicable, of all the Franchisee's covenants and obligations under the franchise, and all information provided to the CEO under subsection 5.F, below, being true and correct as of the time of submittal to the CEO. Upon receipt of such consent from the CEO, Franchisee may proceed to consummate the assignment.

C. Franchisee shall file with the CEO within thirty (30) days after the effective date of any assignment, a certified copy of the duly executed instrument(s) which officially evidences such assignment. If such duly executed instrument(s) is not filed with the CEO within thirty (30) days after the effective date of such proposed assignment, or if the conditions to consent by the CEO have not been met, then the CEO may notify the Franchisee and the proposed transferee that the assignment is not deemed approved by the County. The CEO may then administratively determine that the assignment has no force or effect or that the franchise is forfeited and the Board of Supervisors may repeal this franchise.

D. As a condition to granting consent to such assignment, the County may impose such additional terms and conditions upon this franchise and upon the proposed transferee which the CEO recommends or the Board deems to be in the public interest, which may include the assignee's requirement to submit annual franchise reports and the billing of calculated annual franchise fee to the attention of assignee, resulting in the payment of annual franchise fees. Such additional terms and conditions shall be expressed by ordinance. Nothing contained herein shall be construed to grant

Franchisee the right to complete an assignment except in the manner aforesaid. This section applies to any assignment, whether by operation of law, by voluntary act of Franchisee, or otherwise.

E. In the event any sale, transfer, exchange, assignment, divestment, or other change is effected in such a way as to give control of, or a twenty-five percent (25%) or more interest in, the facilities installed, maintained, and operated by rights granted by this franchise, to any person or persons, corporation, or partnership, consent thereof shall be required as otherwise provided in this Section 5.

F. Upon notice by Franchisee of any pending assignment, the proposed transferee shall submit an assignment application to the CEO, which shall contain at a minimum:

1. Identification of the proposed transferee which indicates the corporate or business entity organization, including the submission of copies of the corporate or business formation papers (e.g., articles of incorporation and by-laws, limited partnership agreements, operating agreements), and the names and addresses of any parent or subsidiary of the proposed transferee(s), or any other business entity owning or controlling the proposed transferee in part or in whole;

2. A current financial statement, which has been audited by a certified public accountant demonstrating conclusively to the satisfaction of the CEO that the proposed transferee has all the financial resources necessary to carry out all of the terms and conditions of the franchise. The financial statement shall include a balance sheet, profit and loss statement for at least the three (3) most recent years, and a

statement of changes in financial position; however, if the proposed transferee has been in existence for less than three (3) years, then for such period of existence;

3. A copy of the proposed agreement of sale, letter of understanding, or other documentation which details the proposed assignment ("assignment documents"); and

4. Other information which may be required by the CEO to assess the capability of the proposed transferee to operate and maintain the franchise.

G. The transfer fee paid by the proposed transferee shall be submitted with the Franchisee's request for the County's consent to any assignment described in subsection 5.A and 5.E and shall be determined as follows:

1. Consent to assignment or any other action, in which the County does not elect to modify the franchise by adoption of an amending ordinance: two thousand five hundred dollars (\$2,500).

2. Consent to assignment or any other action, in which the County elects to modify the franchise by adoption of an amending ordinance: five thousand dollars (\$5,000).

3. In the event the County's actual costs to process the proposed assignment application, including any consultant's fees incurred by the County to assist in evaluating the application, exceed the fees detailed above, proposed transferee may be required to pay any additional costs incurred by the County in processing the Franchisee's and/or proposed transferee's request for assignment. Such costs shall be

paid by the proposed transferee prior to final consideration of the request by the CEO or the Board, as applicable.

SECTION 6. Relocation of Pipelines.

In the event the County requires or decides that the Franchisee should relocate its pipelines and appurtenances (pursuant to Section 16.52.290 of the County Code), the County will notify the Franchisee of its intent in order to open discussions on funding of said project. Franchisee may elect to fund the project depending upon the purpose of the relocation and subject to the availability of funds as may be authorized and appropriated by Congress and allocated by the Department of Defense, and to the extent permitted by law. If federal funding is deemed inappropriate or unavailable, the County shall be solely responsible for and shall bear all costs or expenses incurred in relocation of the facility.

SECTION 7. Pipeline Franchise Ordinance.

In addition to the terms and conditions stated herein, and except as expressly excluded herein, this franchise is granted under all of the terms and conditions contained in the County Pipeline Franchise Ordinance, Title 16, Division 3A, of the Los Angeles County Code, as codified in 1978 and amended to date, which is incorporated herein by reference, as it may hereafter be amended. In the event the terms and conditions of this franchise conflict with the terms of the County Pipeline Franchise Ordinance, the terms and conditions hereof shall control.

SECTION 8. Effective Date.

This franchise becomes effective January 1, 2008.